



JACKIE LACEY
LOS ANGELES COUNTY DISTRICT ATTORNEY

18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

January 20, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

24 January 20, 2015


PATRICK OZAWA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT GRANT FUNDS FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE (CDI) FOR AUTOMOBILE INSURANCE FRAUD (AIF), ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION "URBAN GRANT," WORKERS' COMPENSATION INSURANCE FRAUD (WCIF) AND DISABILITY AND HEALTHCARE INSURANCE FRAUD (DHIF) PROGRAMS, AND APPROVE THE APPROPRIATION ADJUSTMENT FOR FISCAL YEAR 2014-15 (ALL DISTRICTS) (4-VOTES)

SUBJECT

The State of California, Department of Insurance (CDI) has awarded the District Attorney's Office (DA) \$4,716,483 for the Automobile Insurance Fraud (AIF) Program, \$2,310,810 for the Urban Grant Program, \$5,871,644 for Workers' Compensation Insurance Fraud (WCIF) Program, and \$1,269,442 for Disability and Healthcare Insurance Fraud (DHIF) Program to support enhanced investigation and prosecution of fraud activity, and approve an Appropriation Adjustment.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the District Attorney to accept grant funds from CDI, for the period of July 1, 2014 to June 30, 2015, for Automobile Insurance Fraud (AIF) in the amount of \$4,716,483; Urban Grant in the amount of \$2,310,810; Workers' Compensation Insurance Fraud (WCIF) in the amount of \$5,871,644; and Disability and Healthcare Insurance Fraud (DHIF) in the amount of \$1,269,442. There is no required County match for these programs.
2. Authorize the District Attorney to execute the Grant Award Agreements (GAA) on behalf of the County of Los Angeles.

3. Authorize the District Attorney or her designee, on behalf of the County of Los Angeles, to serve as Project Director and to sign and approve any revisions to the GAAs that do not increase the Net County Cost of the Agreements.

4. Approve the attached Appropriation Adjustment in the amount of \$329,000 to allocate funding for the CDI grants which includes full funding for the salary and benefits of one of each additional Deputy District Attorney III, Senior Investigator and partial funding for a Senior Legal Office Assistant in the DHIF Program, and services and supplies appropriation for FY 2014-15.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The objective of these programs is to maintain an active partnership in anti-fraud efforts. Accordingly, the DA's Office submitted grant applications to CDI for FY 2014-15. The AIF application was submitted on June 23, 2014 and WCIF was submitted on April 26, 2014. On July 5, 2012, a three-year Urban grant application was submitted covering FY 2012-13 through FY 2014-15.

For DHIF, two Requests-for-Application were submitted on June 6, 2014 and September 2, 2014, respectively.

The DA's Office received the GAAs from the CDI for the funds awarded to AIF, Urban Grant, WCIF and DHIF Programs.

Board approval is required to accept grant funds for AIF, Urban Grant, WCIF and DHIF Programs from CDI for FY 2014-15.

The Request for Appropriation Adjustments are needed in order to align the DA's budget with the full amount awarded to each program.

Implementation of Strategic Plan Goals

Approval of the recommended actions is consistent with the Los Angeles County Strategic Plan Goal No. 1, Operational Effectiveness/Fiscal Sustainability: maximize the effectiveness of the processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services, and Strategic Plan Goal No. 3, Integrated Services Delivery: maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services.

FISCAL IMPACT/FINANCING

The CDI administers the grant programs and the distribution of funds for enhanced investigation and prosecution of automobile insurance fraud cases, organized automobile insurance fraud activity, workers' compensation fraud cases, and fraudulent disability and healthcare insurance fraud claims.

The CDI awarded grant funding for DA fraud programs for FY 2014-15. The \$329,000 Appropriation Adjustment will be used as follows:

- AIF Program – Increase Services and Supplies appropriation by \$16,000. This amount represents the difference between the grant award of \$4,716,000 and the \$4,700,000 that was included in the District Attorney's FY 2014-15 Final Adopted Budget.
- Urban Grant – Increase Services and Supplies appropriation by \$47,000. This amount represents the difference between the grant award of \$2,311,000 and the \$2,264,000 that was included in the District Attorney's FY 2014-15 Final Adopted Budget.
- WCIF Program – Increase Services and Supplies appropriation by \$72,000. This amount represents the difference between the grant award of \$5,872,000 and the \$5,800,000 that was included in the District Attorney's FY 2014-15 Final Adopted Budget.
- DHIF Program – Increase Salaries and Employee Benefits appropriation by \$170,000, and Services and Supplies by \$24,000. This amount represents the difference between the total grant award of \$1,269,000 and the \$1,075,000 that was included in the District Attorney's FY 2014-15 Final Adopted Budget.

These different amounts for the above mentioned four programs are to be adjusted in FY 2014-15.

In light of the State's budget situation, if funding for these programs were to be terminated, an evaluation of each program would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Insurance Code Sections 1872.8(b)(1)(d) (AIF), 1874.8 (Urban Grant), 1872.83(d) (WCIF), and 1872.85(c)(2) (DHIF), CDI is authorized to award and distribute certain funds to District Attorneys submitting plans approved by the Fraud Division for the increased investigation and prosecution of organized automobile insurance fraud activity, workers' compensation fraud cases and fraudulent eligibility and healthcare insurance claims.

The DA has been awarded funding for AIF for the past twenty-one years, Urban Grant for thirteen years, WCIF for twenty-three years, and DHIF for nine years.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Pursuant to your Board motion of December 15, 1998, the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments have been notified of this request for review.

The Public Defender stated that these long time continuing programs will have minimal impact on

their services. The Alternate Public Defender stated that they can continue to manage the impact of these programs with existing staff and resources. The Sheriff's and Probation Departments stated that this action will have no impact to the services they provide.

CONCLUSION

Following Board approval, the Executive Officer-Clerk of the Board is requested to return two (2) copies of the adopted Board Letter to Emily Aidells, District Attorney's Office, 201 N. Figueroa Street, Suite 1300, California, 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Respectfully submitted,

A handwritten signature in black ink, reading "Jackie Lacey". The signature is fluid and cursive, with the first name "Jackie" and last name "Lacey" clearly distinguishable.

JACKIE LACEY

District Attorney

rfm

Enclosures

c: Executive Officer, Board of Supervisors
Chief Executive Officer
County Counsel
Auditor-Controller

Los Angeles County Chief Executive Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description Automobile Insurance Fraud Program

The objective of this program is to enhance prosecutorial efforts and criminal investigations of major auto insurance fraud rings, syndicates, gangs, and organizations in Los Angeles County. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (CDI) to identify, investigate and prosecute organized automobile insurance fraud rings (staged accidents, cappers, etc.). Perpetrators also include unscrupulous doctors, chiropractors, lawyers and others who profit from fraudulent automobile insurance claims.

Funding Agency
California Department of Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code § 1872.8

Grant Acceptance Deadline

Total Amount of Grant Funding: \$4,716,483

County Match: \$0

Grant Period: FY 2014-15 **Begin Date:** July 1, 2014

End Date: June 30, 2015

Number of Personnel Hired Under This Grant: 25

Full Time: 21 **Part Time:** 4*

* Three positions @ 95% are grant-funded by AIF Program. One position @ 10% is partially grant-funded by Urban Grant Program.

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

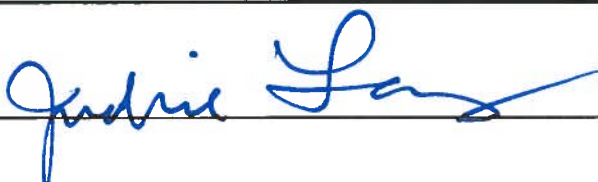
b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature



Date

12/8/14

Los Angeles County Chief Executive Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description: Organized Automobile Insurance Fraud Activity Interdiction
"Urban Grant" Program

The State Organized Automobile Fraud Interdiction Activity "Urban Grant" Program combats organized automobile insurance fraud and economic auto theft activity in California's urban areas. This program is designed to increase the investigation and prosecution of this widespread crime in Los Angeles County. The Los Angeles County District Attorney's Office, with the collaboration of the California Highway Patrol, CDI, and the Los Angeles Police Department has broken up numerous staging gangs that have caused millions of dollars in losses.

Funding Agency
California Department of
Insurance

Program (Fed. Grant # /State Bill or Code #)
Urban Grant (AB1050), California
Insurance Code § 1874.8

Grant Acceptance Deadline

Total Amount of Grant Funding: \$2,310,810

County Match: \$0

Grant Period: FY2014-2015 **Begin Date:** July 1, 2014

End Date: June 30, 2015

Number of Personnel Hired Under This Grant: 11

Full Time: 10 **Part Time:** 1*

*This position is partially grant-funded by Automobile Insurance Fraud Program.

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

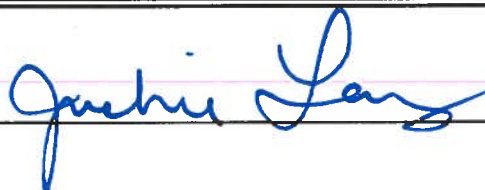
b). Identify other revenue sources
(Describe) _____ Yes ☐ No ☒

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature



Date

12/8/14

Los Angeles County Chief Executive Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description Workers' Compensation Insurance Fraud Program

The objective of this program is to enhance the identification, investigation and prosecution of organized workers' compensation insurance fraud. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (CDI) to investigate and prosecute unscrupulous doctors, chiropractors, lawyers and others engaged in workers' compensation insurance fraud in Los Angeles County.

Funding Agency
California Department of Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code § 1872.83

Grant Acceptance Deadline

Total Amount of Grant Funding: \$5,871,644

County Match: \$0

Grant Period: FY 2014-2015 **Begin Date:** July 1, 2014

End Date: June 30, 2015

Number of Personnel Hired Under This Grant: 31

Full Time: 28 **Part Time:** 3*

*These positions are partially grant-funded by both Workers' Compensation Insurance Fraud and Disability & Healthcare Insurance Fraud Programs.

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

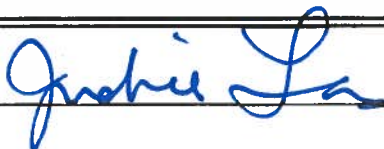
b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature



Date

12/8/14

Los Angeles County Chief Executive Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description: Disability and Healthcare Insurance Fraud Program

The objective of this program is to enhance the criminal investigation and prosecution of fraudulent disability and healthcare insurance claims in Los Angeles County. These grant funds will allow the District Attorney's Office to successfully implement this program and reduce disability and healthcare insurance fraud through collaborative efforts with the State of California, Department of Insurance (CDI) and local law enforcement agencies.

Funding Agency
California Department of Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code §1872.85

Grant Acceptance Deadline

Total Amount of Grant Funding: \$1,269,442

County Match: \$0

Grant Period: FY 2014-2015 **Begin Date:** July 1, 2014

End Date: June 30, 2015

Number of Personnel Hired Under This Grant: 10

Full Time: 6 **Part Time:** 4*

*These positions are partially grant-funded by both Workers' Compensation Insurance Fraud and Disability & Healthcare Insurance Fraud Programs.

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

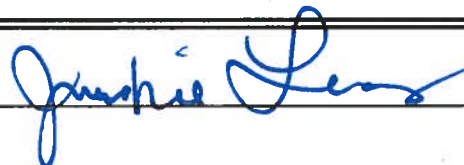
b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature



Date

12/18/14

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT**DEPARTMENT OF DISTRICT ATTORNEY**DEPT'S.
NO. 370

December 12, 2014

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR**FY 2014-2015****4 - VOTES****SOURCES**

District Attorney
A01 - DA - 88 - 8831 - 14030
State - Other \$329,000
Increase Revenue

USES

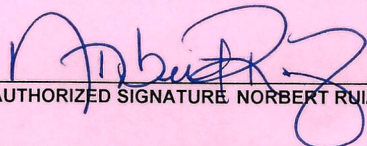
District Attorney
A01 - DA - 1000 - 14030
Salaries & Employee Benefits \$170,000
Increase Appropriation

District Attorney
A01 - DA - 2000 - 14030
Services & Supplies \$159,000
Increase Appropriation

SOURCES TOTAL: \$ 329,000**USES TOTAL: \$ 329,000****JUSTIFICATION**

The Budget Adjustment allocates the unbudgeted revenues from the Automobile Insurance Fraud (AIF), Organized Automobile Fraud Activity Interdiction (Urban Grant), Workers' Compensation Insurance Fraud (WCIF), and Disability and Healthcare Insurance Fraud (DHIF) Programs. The Appropriation Adjustments are needed in order to align the District Attorney's budget with the full amount awarded to each program.


ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES


AUTHORIZED SIGNATURE NORBERT RUIZ

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

24-

JAN 20 2015


PATRICK OSAWA
ACTING EXECUTIVE OFFICER

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY 

B.A. NO. 075

Dec 18 20 14

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY 

Dec 23

20 14